



**CABINET FOR HEALTH SERVICES
COMMONWEALTH OF KENTUCKY
FRANKFORT KENTUCKY 40621-0001**

DEPARTMENT FOR MENTAL HEALTH AND
MENTAL RETARDATION SERVICES
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HIPAA Transmittal Letter #1

May 28, 2002

Dear Executive Director:

The purpose of this letter is to inform you of information relating to the Health Insurance Portability Accountability Act (HIPAA).

HIPAA Electronic Health Care Standard Transactions and Code Sets

The Health Insurance Portability and Accountability Act (HIPAA) of 1996 includes provisions for Administrative Simplification that direct the federal government to adopt national standards for automated transfer of certain health care data between health care payers, plans, and providers. The final rule was published August 17, 2000, became effective October 16, 2000 and will be fully implemented October 16, 2002 (October 16, 2003 for small health care payers). *However, in December 2001 the Administrative Simplification Compliance Act (ASCA) extended the deadline for compliance with HIPAA Electronic Health Care Transactions and Code Sets standards one year to October 16, 2003. See item 4 in this letter regarding qualifying for an extension.

To avoid potential cash flow problems, you should contact all your health care payers to determine where they are at in regards to HIPAA compliance with the electronic transactions. Some payers may be seeking extensions while others may not seek an extension. Thus, you should be able to then determine the impact and timing of changes to your billing systems to accommodate the HIPAA standard formats and whether you should request an extension to the transactions deadline.

KDMHMRS Data Sets

As you know, Community Mental Health Centers (CMHC) electronically submit Client, Event and Human Resource data sets to the Department for Mental Health and Mental Retardation Services (KDMHMRS). An analysis was conducted to identify whether any of these data sets were applicable to the HIPAA standard transaction formats. A Gap Analysis was also completed to identify any "gaps" between the KDMHMRS Data Sets and the HIPAA required standard formats. The Event Data Set which captures "encounter" data was the only KDMHMRS data set considered to fall within the type of electronic transactions applicable to HIPAA standard formats.

On January 16, 2002, the Gap Analysis of KDMHMR's Event Data Set was presented to the Joint Committee for Information Continuity (JCIC). As a result, the JCIC established the JCIC HIPAA Transactions Workgroup to review the gaps and present a plan for migrating KDMHMR's Event Data Set into the approved HIPAA standard transaction format and code sets.

Efforts were made to address as many of the standard format and code set issues as possible; however, many variables of the standard code sets such as HCPCS codes and the National Provider Identifiers are still not yet finalized at the federal level. The information that follows is being provided to you based upon the information that is currently available on HIPAA electronic transactions and code sets:

1. Standard Transaction Format-File Layout

Event Data set will be migrated to the ANSI X12N Version 4010 (837 format) (Enclosure A)

2. Standard Codes

- Trading Partner Agreement Companion Guide (Enclosure B)

HIPAA suggests that covered entities outline the defined data elements in those fields where the functions are optional and/or national standards are not defined in the 837 Format.

- HCPCS Codes/Modifiers (Enclosure C)

Several national organizations have petitioned DHHS for the addition of behavioral health codes/modifiers to the HIPAA recognized standard code sets. At the present time, a final decision has not been made by DHHS regarding the request for additional codes/modifiers. When new HCPCS Codes/Modifiers are approved, they will be cross referenced to our current codes and captured in the enclosed format in Procedure Code/Modifiers Loop 2400 SV101-1 through SV101-6. You will receive additional information on this as it becomes available.

- Provider Identifiers

The National Provider Identifier (NPI) has not been finalized. Upon the finalization of NPI's, this data will be captured in the enclosed format. The Human Resources data set will then be modified accordingly to capture the new provider identifiers. You will receive additional information on this as it becomes available.

3. Data Submission

- UKRDMC

KDMHMR contracts with the University of Kentucky's Research & Data Management Center (UKRDMC) to receive the Data Sets and process the data from the centers.

A new Data Set Guide will be released in June which incorporates the changes described.

UKRDMC will accept data in the HIPAA ASC X-12 837 format beginning with the data submitted for the month of July 2002. However, UKRDMC will also continue to accept data in the current NSF format. This will enable those centers who are HIPAA ready to submit their data in the new format while giving other centers additional time to become HIPAA compliant.

- Requests for Delay in submitting Data Sets

Some centers have advised us that they are undergoing major system upgrades/changes at the same they are implementing HIPAA system requirements. As a result, we have been asked whether centers could delay submitting Data Set data to the department while they are undergoing these changes.

- July data set data is normally due end of August
- August data set data is normally due end of September
- September data set data is normally due end of October

Centers may delay submission of these data sets no later than end of November provided they submit a written request for delay to Greg Coulter indicating that the data will be submitted no later than November 30, 2002.

4. HIPAA Transaction Standards DHHS Extension Request

October 16, 2002 was the original deadline for covered entities to comply with these new national standards. However, in December 2001 the Administrative Simplification Compliance Act (ASCA) extended the deadline for compliance with HIPAA Electronic Health Care Transactions and Code Sets standards one year to October 16, 2003.

In order to qualify for the extension, centers must submit a compliance plan by October 15, 2002 to DHHS. You can obtain a copy of the instructions and form for filing an extension at: <http://www.cms.gov/hipaa/hipaa2/ascaform.asp>

An extension request provides Centers with additional time for submitting data to their trading partners.

5. Medicaid

Medicaid will be requesting an extension and will require providers to submit claims in the current billing format. They will not accept claims in the new HIPAA formats until further notice.

Please be sure to share this letter with your Information Systems (IS) staff so that they are aware of these system changes related to HIPAA.

If you have any questions concerning this letter, please feel free to contact me at (502) 564-4860 or by email at Greg.Coulter@Mail.state.ky.us

Sincerely,

Greg Coulter
KDMHMRS HIPAA Project Manager

